



Senate

General Assembly

February Session, 2014

File No. 288

Senate Bill No. 394

Senate, April 2, 2014

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING REQUIREMENTS FOR INSURERS' USE OF STEP THERAPY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-510 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2015*):

3 (a) No [health insurance policy issued on an individual basis,
4 whether issued by an] insurance company, [a] hospital service
5 corporation, [a] medical service corporation, [or a] health care center [,
6 which] or other entity delivering, issuing for delivery, renewing,
7 amending or continuing an individual health insurance policy or
8 contract that provides coverage for prescription drugs may: [require
9 any]

10 (1) Require any person covered under such policy or contract to
11 obtain prescription drugs from a mail order pharmacy as a condition
12 of obtaining benefits for such drugs; [.] or

13 (2) Require, if such insurance company, hospital service corporation,
14 medical service corporation, health care center or other entity uses step
15 therapy for such drugs, the use of step therapy for any prescribed drug
16 for longer than thirty days. At the expiration of such time period, an
17 insured's treating health care provider may deem such step therapy
18 drug regimen clinically ineffective for the insured, at which time the
19 insurance company, hospital service corporation, medical service
20 corporation, health care center or other entity shall authorize
21 dispensation of and coverage for the drug prescribed by the insured's
22 treating health care provider, provided such drug is a covered drug
23 under such policy or contract. If such provider does not deem such
24 step therapy drug regimen clinically ineffective or has not requested
25 an override pursuant to subdivision (1) of subsection (b) of this section,
26 such drug regimen may be continued. For purposes of this section,
27 "step therapy" means a protocol or program that establishes the
28 specific sequence in which prescription drugs for a specified medical
29 condition are to be prescribed.

30 [(b) The provisions of this section shall apply to any such policy
31 delivered, issued for delivery, renewed, amended or continued in this
32 state on or after July 1, 2005.]

33 (b) (1) Notwithstanding the thirty-day period set forth in
34 subdivision (2) of subsection (a) of this section, each insurance
35 company, hospital service corporation, medical service corporation,
36 health care center or other entity that uses step therapy for such
37 prescription drugs shall establish and disclose to its health care
38 providers a process by which an insured's treating health care provider
39 may request at any time an override of the use of any step therapy
40 drug regimen. Any such override process shall be convenient to use by
41 health care providers and an override request shall be expeditiously
42 granted when an insured's treating health care provider demonstrates
43 that the drug regimen required under step therapy (A) has been
44 ineffective in the past for treatment of the insured's medical condition,
45 (B) is expected to be ineffective based on the known relevant physical
46 or mental characteristics of the insured and the known characteristics

47 of the drug regimen, (C) will cause or will likely cause an adverse
48 reaction by or physical harm to the insured, or (D) is not in the best
49 interest of the insured, based on medical necessity.

50 (2) Upon the granting of an override request, the insurance
51 company, hospital service corporation, medical service corporation,
52 health care center or other entity shall authorize dispensation of and
53 coverage for the drug prescribed by the insured's treating health care
54 provider, provided such drug is a covered drug under such policy or
55 contract.

56 (c) Nothing in this section shall (1) preclude an insured or an
57 insured's treating health care provider from requesting a review under
58 sections 38a-591c to 38a-591g, inclusive, or (2) affect the provisions of
59 section 38a-492i.

60 Sec. 2. Section 38a-544 of the general statutes is repealed and the
61 following is substituted in lieu thereof (*Effective January 1, 2015*):

62 (a) No [medical benefits contract on a group basis, whether issued
63 by an] insurance company, [a] hospital service corporation, [a] medical
64 service corporation, [or a] health care center [, which] or other entity
65 delivering, issuing for delivery, renewing, amending or continuing a
66 group health insurance policy or contract that provides coverage for
67 prescription drugs may; [require any]

68 (1) Require any person covered under such policy or contract to
69 obtain prescription drugs from a mail order pharmacy as a condition
70 of obtaining benefits for such drugs; [.] or

71 (2) Require, if such insurance company, hospital service corporation,
72 medical service corporation, health care center or other entity uses step
73 therapy for such drugs, the use of step therapy for any prescribed drug
74 for longer than thirty days. At the expiration of such time period, an
75 insured's treating health care provider may deem such step therapy
76 drug regimen clinically ineffective for the insured, at which time the
77 insurance company, hospital service corporation, medical service

78 corporation, health care center or other entity shall authorize
79 dispensation of and coverage for the drug prescribed by the insured's
80 treating health care provider, provided such drug is a covered drug
81 under such policy or contract. If such provider does not deem such
82 step therapy drug regimen clinically ineffective or has not requested
83 an override pursuant to subdivision (1) of subsection (b) of this section,
84 such drug regimen may be continued. For purposes of this section,
85 "step therapy" means a protocol or program that establishes the
86 specific sequence in which prescription drugs for a specified medical
87 condition are to be prescribed.

88 [(b) The provisions of this section shall apply to any such medical
89 benefits contract delivered, issued for delivery or renewed in this state
90 on or after July 1, 1989.]

91 (b) (1) Notwithstanding the thirty-day period set forth in
92 subdivision (2) of subsection (a) of this section, each insurance
93 company, hospital service corporation, medical service corporation,
94 health care center or other entity that uses step therapy for such
95 prescription drugs shall establish and disclose to its health care
96 providers a process by which an insured's treating health care provider
97 may request at any time an override of the use of any step therapy
98 drug regimen. Any such override process shall be convenient to use by
99 health care providers and an override request shall be expeditiously
100 granted when an insured's treating health care provider demonstrates
101 that the drug regimen required under step therapy (A) has been
102 ineffective in the past for treatment of the insured's medical condition,
103 (B) is expected to be ineffective based on the known relevant physical
104 or mental characteristics of the insured and the known characteristics
105 of the drug regimen, (C) will cause or will likely cause an adverse
106 reaction by or physical harm to the insured, or (D) is not in the best
107 interest of the insured, based on medical necessity.

108 (2) Upon the granting of an override request, the insurance
109 company, hospital service corporation, medical service corporation,
110 health care center or other entity shall authorize dispensation of and

111 coverage for the drug prescribed by the insured's treating health care
112 provider, provided such drug is a covered drug under such policy or
113 contract.

114 (c) Nothing in this section shall (1) preclude an insured or an
115 insured's treating health care provider from requesting a review under
116 sections 38a-591c to 38a-591g, inclusive, or (2) affect the provisions of
117 section 38a-518i.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2015	38a-510
Sec. 2	January 1, 2015	38a-544

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	STATE MANDATE - Potential Cost	Potential	Potential

Explanation

The bill is not anticipated to result in a cost to the state employee and retiree health plan (the plan), as the plan does not currently utilize step therapy. The bill is not anticipated to impact other procedures under the pharmacy benefit plan.

The bill's provisions may result in a fiscal impact to certain fully insured municipalities if the step therapy provisions are in conflict with current coverage guidelines. The coverage requirements may impact premium costs for the municipality when they enter into new health insurance contracts after January 1, 2015. Due to federal law, municipalities with self-insured plans are exempt from state health insurance mandates.

Lastly, many municipal plans may be recognized as "grandfathered"¹ plans under the federal Affordable Care Act (ACA). It is uncertain what the effect of this mandate will have on the grandfathered status of those municipal plans.

¹ Grandfathered plans include most group health insurance plans and some individual plans created or purchased on or before March 23, 2010.

For the purposes of the ACA this bill is not considered an additional mandate and therefore will not result in an additional state cost related to reimbursement for the mandate for those covered through the exchange plans.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 394*****AN ACT CONCERNING REQUIREMENTS FOR INSURERS' USE OF STEP THERAPY.*****SUMMARY:**

This bill bars certain health insurers that use prescription drug step therapy regimens from requiring their use for more than 30 days. Under the bill, "step therapy" is a protocol or program that establishes the specific sequence for prescribing drugs for a specified medical condition.

At the end of the step therapy period, the bill allows an insured's treating health care provider to determine that the step therapy regimen is clinically ineffective for the insured. At that point, the insurer must authorize dispensation of and coverage for the drug prescribed by the provider, if it is covered under the insurance policy or contract.

The bill requires insurers to establish and disclose to its providers a process by which they may request, at any time, an authorization to override any step therapy regimen. It prescribes the conditions under which the insurer must grant the override. If the provider does not consider the step therapy regimen to be ineffective or does not request an override, the drug regimen may be continued.

These step therapy provisions apply to individual and group policies and contracts delivered, issued, renewed, amended, or continued by an insurance entity. These entities include insurance companies, health care centers (HMOs), hospital service corporations, and medical service corporations (collectively referred to as "insurers").

The bill does not (1) prevent an insured or provider from requesting a review of an adverse decision (e.g., claims denial) under existing law or (2) affect the law that requires insurers to cover pain management treatments.

Lastly, the bill expands the prohibition on insurers requiring insureds to obtain prescription drugs from a mail order pharmacy. By law, health insurance policies issued by an insurance company, hospital or medical service corporation, or a health care center may not require an insured to obtain prescription drugs from a mail order pharmacy in order to obtain benefits for the drugs. The bill expands the scope of the law to cover (1) all other types of insurance entities covering prescription drugs; (2) insurance contracts as well as policies; and (3) policies and contracts that are delivered, renewed, amended, or continued.

EFFECTIVE DATE: January 1, 2015

OVERRIDE

The bill requires insurers to establish and disclose to its providers a process by which they may request, at any time, an override of any step therapy regimen. The bill requires that the override process be convenient for providers to use.

The insurer must expeditiously grant an override if a provider demonstrates that the drug regimen required under step therapy (1) has been ineffective for treating the insured's medical condition; (2) is expected to be ineffective based on the insured's known relevant physical or mental characteristics and the known characteristics of the drug regimen; (3) will or will likely cause an adverse reaction by, or physical harm to, the insured; or (4) is not in the insured's best interest, based on medical necessity. If the insurer grants an override, it must authorize dispensation of, and coverage for, the drug prescribed by the provider, as long as it is covered under the insurance policy or contract.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 15 Nay 3 (03/18/2014)